Pre Funded Travel Card Overview

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Agenda

- Concept Overview
- Targeted Users
- Intended Use
- GTCC – PFTC Comparison
- Pilot Overview

Concept Overview

What is the Pre Funded Travel Card?

- Pre Funded Travel Card (PFTC) is currently under pilot at the DON eBusiness Operations Office
- PFTC Characteristics
  - Uses the debit card concept
  - Commercially acceptable alternative to Government Travel Charge Card (GTCC)
  - Does not carry a line of credit

Concept Overview

Current GTCC Business Problems

- High GTCC Delinquency Rates
- Credit Exposure = Vulnerability to Potential GTCC Misuse and Abuse
  - Travel Cards active regardless of travel order status
  - High credit limits increase opportunity for unauthorized use

Concept Overview

The PFTC Solves the GTCC Problems by:

- Reducing delinquency
- Reducing exposure to credit and vulnerability for misuse

The PFTC Includes Beneficial GTCC Features, such as:

- Commercially accepted
- ATM access for cash disbursement

Targeted Users

Who should use the PFTC?

- Infrequent travelers
- Delinquent GTCC users
- Restricted GTCC cardholders
- Rejected from using the GTCC
- Junior enlisted personnel
- Frequent travelers with multiple, closely scheduled trips

Intended Use

Where can the PFTC be used?

- Hotels
- Rental Cars
- Restaurants
- Parking
- Taxis
- ATMs – Cash Withdrawals
- *Anywhere MasterCard/Visa is accepted*

GTCC – PFTC Comparison

What are the differences that distinguish the PFTC from the GTCC?

	GTCC	PFTC
Card Bank / System	Bank of America Visa	J.P. Morgan Chase MasterCard
Credit Line	Standard Card: $5000	No credit - Pre-funded up to the required travel amount
ATM Cash Withdrawal	3% of amount withdrawn	Flat fee
Retail Purchase (POS Transaction)	No fee	Small flat fee
Rental Car Insurance	Included	Included
Emergency Expenses	Covered through credit limit	Requires new funds to be added to the card account

Pilot Overview

- PFTC Pilot Phase I
  - Overview
  - Lessons Learned
  - Conclusions
- Current Pilot Effort
  - Objectives
  - Scope
  - Requirements
  - Proposed Solutions
  - Site Selection

Phase I - Overview

- Pilot held for 6 months during FY03
- Key participant: Navy Reserves
- Cash Advance model employed for funding
- Pilot never fully completed
  - Just over 100 cards issued
  - Less than 50 travel events
  - On average, travel claims larger than the amount funded per card

Phase I - Lessons Learned

- **Cash Advance** – slow process to place funds on card

- **Joint Travel Regulation** – limited to 80% cash advance of travel estimate

Phase I - Lessons Learned

- **Cardholder Education** – insufficient education provided to participants

- **Negative Balances** – occurred during the pilot due to cardholders, banking practices

Phase I - Lessons Learned

- **Submission of Travel Claims** – improper processing of travel claims due to lack of knowledge by cardholders, administrators

- **Reconciliation** – no efficient method to electronically repay owed debts to both cardholders and the PFTC account

Phase I - Conclusions

- Insufficient PFTC usage during Phase I did not validate the PFTC concept
- Some processes used in the pilot (Phase I) would need modification for large scale implementation of the PFTC
- Quality of training & written materials must be improved
- Existing travel policies and procedures are better suited to a credit card concept than a debit card concept

Phase II - Objectives

- Review Lessons Learned from Phase I
- Implement solutions to Phase I issues
- Revise pilot CONOPS
- Expanded pilot scope
  - Multiple sites
  - Diverse target group

Phase II - Scope

- Timeframe: February – October 2004
- Target:
  - 1200-1500 travel events
  - 4 to 6 participating activities
- Pilot at each activity for at least 6 months
- Implement and pilot more than one PFTC approach
- Look for activities with travel requirements distributed across the entire pilot period

Phase II – Requirements

- Faster, more efficient funding processes
- 100% of travel estimate
- Improved training
- Improved management structure
- Alleviate negative balances
- Simplify travel claim process

Phase II – Site Selection

Pilot Participant Selection Criteria

- Identify activities with the greatest need for a PFTC
- Determine pilot suitability
- Identify business requirements
- Propose process using CONOPS
- Sign MOA